

CITY OF BELLE PLAINE

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

JUNE 30, 2010

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor's Report		4-5
Management's Discussion and Analysis		6-11
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statement:		
Statement of Activities and Net Assets – Cash Basis	A	14-15
Governmental Fund Financial Statements:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B	16-17
Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Balances to the Statement of Activities and Net Assets	C	18
Proprietary Fund Financial Statements:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	D	19
Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Balances to the Statement of Activities and Net Assets	E	20
Notes to Financial Statements		21-27
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds		29-30
Notes to Required Supplementary Information – Budgetary Reporting		31
Other Supplementary Information:	<u>Schedule</u>	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds	1	33-34
Statement of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Proprietary Funds	2	35
Schedule of Indebtedness	3	36-37
Bond and Note Maturities	4	38
Schedule of Receipts by Source and Disbursements by Function – All Governmental Funds	5	39
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		40-41
Schedule of Findings and Questioned Costs		42-46
Staff		47

City of Belle Plaine

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2010)		
Jim Daily	Mayor	Jan 2012
Harold Ealy	Mayor Pro tem	Jan 2012
Garrison Reekers	Council Member	Jan 2010
Marv DeRycke	Council Member	Jan 2010
Jim Kurovski	Council Member	Jan 2010
Craig Van Scoyoc	Council Member	Jan 2012
(After January 2010)		
Jim Daily	Mayor	Jan 2012
Harold Ealy	Mayor Pro tem	Jan 2012
Garrison Reekers	Council Member	Jan 2014
Marv DeRycke	Council Member	Jan 2014
Jason Parizek	Council Member	Jan 2014
Craig Van Scoyoc	Council Member	Jan 2012
Kaye Buch	City Clerk	Indefinite
Jennifer Zahradnik	Attorney	Indefinite

Alan W. Flick, C.P.A.
Gina E. Trimble, C.P.A.

819 First Street East
Independence, IA 50644
(319)334-4211
Fax (319)334-6454
rfs.com

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Belle Plaine, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Belle Plaine's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Belle Plaine as of June 30, 2010, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated September 20, 2010 on our consideration of the City of Belle Plaine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 6 through 11 and 29 through 31 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Belle Plaine's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

RIDIHALGH, FUELLING, SNITKER, WEBER, & CO., P.C.

September 20, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Belle Plaine provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2010 FINANCIAL HIGHLIGHTS

- Revenues of the City of Belle Plaine's governmental activities increased \$144,528, from fiscal 2009 to fiscal 2010. Property tax decreased \$34,254 and road use increased \$12,783, and the local option sales tax increased \$6,428.
- Disbursements increased in the areas of Public Works-\$34,815; Health & Social Services-108,844; Culture & Recreation-\$250,082; Community & Economic Development-\$29,634; Capital Projects-\$2,117,306 and Business Type - \$81,222 from July 1, 2009 to June 30, 2010. Decreases were in Public Safety-\$117,817; General Government - \$19,975 and Debt Service-\$318.
- As Belle Plaine completed this year, its governmental funds reported a combined a fund balance of \$1,788,443 an increase of \$419,470 above last year's total of \$1,368,973. The following are the major reasons for the change in fund balances of the major funds from the prior year.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the non-major governmental funds.

BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the

financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse as a result of the year's activities?" The Statement of activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks, sanitary sewer system and garbage. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

1. Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund 4) the Capital Projects Funds and 5) the Permanent Funds. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

2. Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains three Enterprise Funds to provide separate information for the water, sewer and garbage funds, considered to be major funds of the City.

The required financial statements for proprietary funds include a statement of cash receipts, disbursement and changes in cash balances.

Reconciliations between the government-wide statement and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased \$419,470 from a year ago, increasing from \$1,368,973 to \$1,788,443. The analysis that follows focuses on the changes in cash balances for governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities

	<u>Year ended June 30,</u>	
	<u>2010</u>	<u>2009</u>
Receipts and transfers:		
Program receipts:		
Charges for service	\$ 90,153	149,978
Operating grants, contributions and restricted interest		
Capital grants, contributions, and restricted interest		
General receipts		
Property Tax	875,326	909,580
Unrestricted investment earnings	79,819	69,630
Local Option Sales Tax	192,256	185,828
Intergovernmental	379,400	784,825
Other general receipts	647,910	382,723
Total receipts and transfers	2,627,092	2,482,564
Disbursements:		
Public safety	410,295	528,112
Public works	445,677	410,862
Health and social services	99,989	8,855
Culture and recreation	590,339	340,257
Community and economic development	107,241	77,607
General government	197,603	217,578
Debt service	222,234	222,552
Capital projects	2,632,744	515,438
Total disbursements	4,706,122	2,321,261
Increase (decrease) in cash basis net assets	2,079,030	161,303
Cash basis net assets beginning of year	1,368,973	1,294,912
Cash basis net assets end of year	<u>\$ 1,788,443</u>	<u>1,456,215</u>

The City's total receipts for governmental activities increased \$144,528. The total cost of all programs and services increased by \$2,384,861. The increase in property taxes was the result of increased taxable value in property. The tax rate held remain the same as last year at \$14.79 per thousand valuation.

There was a decrease of taxes receipts in 2010 of \$34,254. Property taxes are expected to increase by \$136,049 next year due to increases in the total assessed valuation

The cost of all governmental activities this year was \$4,706,122 compared to \$2,321,261 last year. However, as shown in the Statement of Activities and Net Assets, the amount taxpayers ultimately financed for these activities was only \$ 1,613,389 because some of the cost was paid by other governments and organizations that subsidized certain programs with grants, contributions and restricted interest \$1,013,703. Debt service totaled \$ 227,104 compared to \$ 93,786 in 2009.

Changes in Cash Basis Net Assets of Business Type Activities

	Year ended June 30,	
	2010	2009
Receipts:		
Program receipts:		
Charges for service		
Water	\$ 284,038	281,082
Sewer	259,106	265,722
Garbage	<u>291,682</u>	<u>214,141</u>
Total Receipts	834,826	760,945
Disbursements and transfers:		
Water	301,289	319,251
Sewer	261,888	248,553
Garbage	301,564	214,141
Meter Deposits	<u>2,082</u>	<u>3,392</u>
Transfers		
Total disbursement & transfers	866,823	785,601
Change in cash basis net assets	(31,997)	(30,038)
Cash basis net assets beginning of year	<u>799,299</u>	<u>707,936</u>
Cash basis net assets end of year	<u>\$ 388,720</u>	<u>799,299</u>

Total business type activities receipts for the fiscal year were \$834,826 compared to \$760,945 last year. The cash balance decreased by (\$410,579). Total disbursements for the fiscal year increased to a total of \$866,823 compared to \$785,601 last year. Increased by \$81,222.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As Belle Plaine completed this year, its governmental funds reported a combined fund balance of \$1,788,443 an increase of \$ 419,470 above last year's total of \$ 1,368,973. The following are the major reasons for the change in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$419,470 from the prior year. There was a decrease of \$35,802 in property taxes and an increase of \$6,428 in local option sales tax.
- The Road Use Tax Fund cash balance increase of \$12,783.
- The Urban Renewal Tax Increment Fund received \$71,945 for the fiscal year 2010. This was a decrease of \$63,252 from last year.
- The Debt Service Fund cash balance increased from \$14,053 to \$48,647.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance had a decrease of (\$121,157) with a balance at the end of the year of \$55,124 due primarily to an more projects/disbursements in the water department.
- The Sewer Fund cash balance increased \$76,174 with the balance of at the end of the year of \$181,377 due to an increase in rates.
- The Garbage Fund cash balance had an increase of \$504 with a balance at the end of the year of \$55,191.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget two times. One amendment was approved on January 18, 2010 in the amount of \$2,736,135. The other amendment was dated May 3, 2010 in the amount of \$316,450.

DEBT ADMINISTRATION

On June 30, 2010, the City has \$2,645,000 outstanding in bonds and other long-term debt, compared to \$685,000 last year as shown below.

Outstanding Debt at Year End

	<u>Year ended June 30,</u>	
	<u>2010</u>	<u>2009</u>
General obligation bonds	\$ 480,000	535,000
Urban renewal tax increment financing	65,000	160,000
General Obligation Issued during the Year	<u>2,100,000</u>	<u>-</u>
Total	<u>\$ 2,645,000</u>	<u>685,000</u>

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$685,000 is significantly below its constitutional debt limit of \$4,965,716.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Belle Plaine's elected and appointed officials and citizens considered many factors when setting the fiscal year 2010 budget, tax rates, and fees that will be charged for various Belle Plaine activities. One of those factors is the economy. Unemployment in Belle Plaine (Benton County) now stands at 6.3 percent versus 5.4 percent a year ago. This compares with the State's unemployment rate of 6.8 percent.

Inflation in the State continues to be somewhat lower than the national Consumer Price Index increase. The State's CPI increase was 1.24% percent for the fiscal year 2010. Inflation has been modest here due in part to the slowing of the residential housing market and increases in energy prices in 2009-2010.

These indicators were taken into account when adopting the budget for fiscal year 2010. Amounts available for appropriation in the operating budget are \$2,177,163, an increase of

\$8,891 over the final 2010 budget. Property tax (benefiting from the 2010 rate increases and increases in assessed valuations) and proceeds from a newly formed local option sales tax within the county/city are expected to help with maintaining the budget. The City will use these increases in receipts to finance programs we currently offer. Budgeted disbursements are expected to increase because of capital projects.

If these estimates are realized, the City's budgeted cash balance is expected to increase by approximately \$762,956 by the close of 2011.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kaye Buch, City Clerk, 1207 8th Avenue, Belle Plaine, Iowa 52208.

City of Belle Plaine

Basic Financial Statements

City of Belle Plaine

Statement of Activities and Net Assets - Cash Basis

As of and for the year ended June 30, 2010

Functions / Programs:	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental activities:				
Public safety	\$ 410,295	23,510	1,051	-
Public works	445,677	13,263	254,398	111,792
Health and social services	99,989	15,832	-	-
Culture and recreation	590,339	53,380	43,769	125,806
Community and economic development	107,241	4,962	37,323	-
General government	197,603	25,378	690,577	-
Debt service	222,234	-	-	-
Capital projects	2,632,744	-	51,146	212
Total governmental activities	4,706,122	136,325	1,078,264	237,810
Business type activities:				
Water	301,289	272,265	-	-
Sewer	261,888	242,156	-	-
Storm Sewer user fees	76,015	60,374	-	-
Garbage	225,549	222,615	-	-
Meter Deposits	2,082	4,600	-	-
Total business type activities	866,823	802,010	-	-
Total	\$ 5,572,945	938,335	1,078,264	237,810

General Receipts:

Property tax levied for:
 General purposes
 Tax increment financing
 Debt service
 Special assessments
 Local option sales tax
 Unrestricted interest on investments
 Bond proceeds
 Miscellaneous
 Transfers

Total general receipts and transfers

Change in cash basis net assets

Cash basis net assets beginning of year

Cash basis net assets end of year

Cash Basis Net Assets

Expendable:

Streets
 Urban renewal projects
 Debt Service
 Other purposes
 Unrestricted

Total cash basis net assets

See notes to financial statements

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
(385,734)	-	(385,734)
(66,224)	-	(66,224)
(84,157)	-	(84,157)
(367,384)	-	(367,384)
(64,956)	-	(64,956)
518,352	-	518,352
(222,234)	-	(222,234)
(2,581,386)	-	(2,581,386)
(3,253,723)	-	(3,253,723)
-	(29,024)	(29,024)
-	(19,732)	(19,732)
-	(15,641)	(15,641)
-	(2,934)	(2,934)
-	2,518	2,518
-	(64,813)	(64,813)
(3,253,723)	(64,813)	(3,318,536)
702,978	-	702,978
71,945	-	71,945
100,403	-	100,403
14,088	-	14,088
192,256	-	192,256
50,505	26,155	76,660
2,119,918	-	2,119,918
42,518	6,661	49,179
378,582	(378,582)	-
3,673,193	(345,766)	3,327,427
419,470	(410,579)	8,891
1,368,973	799,299	2,168,272
\$ 1,788,443	388,720	2,177,163
8,644	-	8,644
972	-	972
48,647	-	48,647
1,439,156	-	1,439,156
291,024	388,720	679,744
\$ 1,788,443	388,720	2,177,163

City of Belle Plaine

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds

As of and for the year ended June 30, 2010

	Special Revenue		Capital Projects	
	General	Local Option Sales Tax	Debt Service	Aquatic Center
Receipts:				
Property tax	\$ 537,620	-	100,403	-
Tax increment financing collections	-	-	-	-
Other city tax	-	192,256	-	-
Licenses and permits	25,378	-	-	-
Use of money and property	50,505	-	-	-
Intergovernmental	1,051	-	-	89,310
Charges for service	90,153	-	-	-
Special assessments	14,088	-	-	-
Miscellaneous	42,518	-	-	21,000
Total receipts	761,313	192,256	100,403	110,310
Disbursements:				
Operating:				
Public safety	250,862	14,338	-	-
Public works	67,527	31,358	-	-
Health and social services	-	-	-	-
Culture and recreation	208,928	1,732	-	-
Community and economic development	4,672	72,683	-	-
General government	176,019	-	-	-
Debt service	-	4,722	116,037	-
Capital projects	-	-	-	2,348,096
Total disbursements	708,008	124,833	116,037	2,348,096
Excess (deficiency) of receipts over (under) disbursements	53,305	67,423	(15,634)	(2,237,786)
Other financing sources (uses):				
Bond proceeds	-	-	2,119,918	-
Operating transfers in	5,014	19,954	50,228	2,136,818
Operating transfers out	(14,088)	(31,000)	(2,119,918)	-
Total other financing sources (uses)	(9,074)	(11,046)	50,228	2,136,818
Net change in cash balances	44,231	56,377	34,594	(100,968)
Cash balances beginning of year	246,793	243,089	14,053	-
Cash balances end of year	\$ 291,024	299,466	48,647	(100,968)
Cash Basis Fund Balances				
Reserved:				
Debt service	\$ -	-	48,647	-
Unreserved:				
General fund	291,024	-	-	-
Special revenue funds	-	299,466	-	-
Capital projects fund	-	-	-	(100,968)
Permanent fund	-	-	-	-
Total cash basis fund balances	\$ 291,024	299,466	48,647	(100,968)

See notes to financial statements

Trust & Agency		Other	
Equipment	Library	Nonmajor	
Accruals	Improvements	Governmental	Total
		Funds	
-	-	165,358	803,381
-	-	71,945	71,945
-	-	-	192,256
-	-	-	25,378
-	8,219	21,095	79,819
-	-	289,039	379,400
-	-	-	90,153
-	-	-	14,088
690,577	35,550	181,027	970,672
690,577	43,769	728,464	2,627,092
72,369	-	72,726	410,295
7,843	-	338,949	445,677
-	-	99,989	99,989
309,573	29,754	40,352	590,339
-	-	29,886	107,241
-	-	21,584	197,603
-	-	101,475	222,234
-	-	284,648	2,632,744
389,785	29,754	989,609	4,706,122
300,792	14,015	(261,145)	(2,079,030)
-	-	-	2,119,918
329,354	-	86,980	2,628,348
(19,954)	(5,014)	(59,792)	(2,249,766)
309,400	(5,014)	27,188	2,498,500
610,192	9,001	(233,957)	419,470
252,343	249,208	363,487	1,368,973
862,535	258,209	129,530	1,788,443
-	-	-	48,647
-	-	-	291,024
-	-	157,692	457,158
-	-	(179,537)	(280,505)
862,535	258,209	151,375	1,272,119
862,535	258,209	129,530	1,788,443

City of Belle Plaine

Reconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash Balances
to the Statement of Activities and Net Assets -
Governmental Funds

As of and for the year ended June 30, 2010

Total governmental funds cash balances (page 17)	\$1,788,443
---	-------------

The city does not have an internal service fund.
Therefore there are no reconciling items.

-

Cash basis net assets of governmental activities (page 15)	<u>\$1,788,443</u>
---	--------------------

Net change in cash balances (page 17)	\$ 419,470
--	------------

The city does not have an internal service fund.
Therefore there are no reconciling items.

-

Change in cash balance of governmental activities (page 15)	<u>\$ 419,470</u>
--	-------------------

See notes to financial statements

City of Belle Plaine

Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2010

	Enterprise Funds			Total
	Water	Sewer	Other Nonmajor Proprietary Funds	
Operating receipts:				
Use of money and property	\$ 10,933	14,567	655	26,155
Charges for service	272,265	242,156	287,589	802,010
Miscellaneous	840	2,383	3,438	6,661
Total operating receipts	284,038	259,106	291,682	834,826
Operating disbursements:				
Business type activities	301,289	261,888	303,646	866,823
Total operating disbursements	301,289	261,888	303,646	866,823
Excess (deficiency) of operating receipts over (under) operating disbursements	(17,251)	(2,782)	(11,964)	(31,997)
Operating transfers in/(out)	(103,906)	78,956	(353,632)	(378,582)
Net change in cash balances	(121,157)	76,174	(365,596)	(410,579)
Cash balances beginning of year	176,281	105,203	517,815	799,299
Cash balances end of year	\$ 55,124	181,377	152,219	388,720
Cash Basis Fund Balances				
Reserved for debt service	\$ -	-	-	-
Unreserved	55,124	181,377	152,219	388,720
Total cash basis fund balances	\$ 55,124	181,377	152,219	388,720

See notes to financial statements

City of Belle Plaine

Reconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash Balances
to the Statement of Activities and Net Assets -
Proprietary Funds

As of and for the year ended June 30, 2010

Total enterprise funds cash balances (page 19)	\$ 388,720
---	------------

The city does not have an internal service fund.
Therefore there are no reconciling items.

-

Cash basis net assets of business type activities (page 15)	<u>\$ 388,720</u>
--	-------------------

Net change in cash balances (page 19)	\$ (410,579)
--	--------------

The city does not have an internal service fund.
Therefore there are no reconciling items.

-

Change in cash balance of business type activities (page 15)	<u>\$ (410,579)</u>
---	---------------------

See notes to financial statements

City of Belle Plaine

Notes to Financial Statements

June 30, 2010

(1) Summary of Significant Accounting Policies

The City of Belle Plaine is a political subdivision of the State of Iowa located in Benton County. It was first incorporated in 1868 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water, sewer, and garbage utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Belle Plaine has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Benton County Joint E911 Service Board, Benton County Emergency Operations Commissions, Kirkwood Community College Community Education Agreement, and Williamsburg-Marengo-Belle Plaine Drug Task Force Agreement

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue Funds:

The Local Option Sales Tax Fund is used to account for all local option sales taxes collected and expended by the City.

The Debt Service Fund is utilized to account for proceeds of, and the payment of interest and principal on the City's general long-term debt.

The Capital Projects - Aquatic Fund is utilized to account for the aquatic center project going on during the year.

Trust Funds:

The Equipment Accruals Fund is a savings account for City departments. If departments have funds leftover in their budget for expenditure at the end of the fiscal year, they can transfer the balance to this fund to save up for larger equipment purchases. Also, any capital donations from the public are accrued here.

The Library Improvement Fund is used to account for donations to the Library and interest earned on the Library's investments. Disbursements from this fund are used to supplement the Library's ongoing operations.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

C. Measurement Focus and Basis of Accounting

The City of Belle Plaine maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010 disbursements exceeded the amounts budgeted in the culture and recreation, debt service, and business type activities functions.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management

investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2010, the City held none of these investments.

(3) Bonds and Notes Payable

Annual debt service requirements to maturity for general obligation bonds, urban renewal tax increment financing revenue bonds and revenue notes are as follows:

Year Ending June 30,	General Obligation		Urban Renewal Tax Increment Financing		General Obligation Aquatic Center		Total	
	<u>Bonds</u>		<u>Bonds</u>		<u>Bonds</u>			
	Principal	Interest	Principal	Interest	Principal	Interest		
2011	65,000	2,665	45,000	19,545	85,000	83,725	195,000	105,935
2012			45,000	18,015	85,000	81,600	130,000	99,615
2013			50,000	16,395	90,000	79,475	140,000	95,870
2014			50,000	14,495	90,000	77,225	140,000	91,720
2015			55,000	12,495	90,000	74,975	145,000	87,470
2016- 2029			235,000	26,660	1,660,000	463,788	1,895,000	490,448
Total	\$ 65,000	2,665	480,000	107,605	2,100,000	860,788	2,645,000	971,058

The Code of Iowa requires principal and interest on general obligation bonds be paid from the Debt Service Fund. However, \$5,771 of interest was paid from the Storm Sewer User Fees Fund and \$4,722 of interest was paid from the Local Option Sales Tax Fund during the year ended June 30, 2010.

Urban Renewal Tax Increment Financing Revenue Bonds

The City issued \$605,000 of urban renewal tax increment financing (TIF) revenue bonds in June 2004 for the purpose of defraying a portion of the costs of various construction and refurbishing projects within the urban renewal district. The bonds are payable solely from the TIF receipts generated by increased property values in the City's TIF district and credited to the Special Revenue, Urban Renewal Tax Increment Fund in accordance with Chapter 403.19 of the Code of Iowa. TIF receipts are generally projected to produce 100 percent of the debt service requirements over the life of the bonds. The proceeds of the urban renewal tax increment financing revenue bonds shall be expended only for purposes which are consistent with the plans of the City's urban renewal area. The bonds are not a general obligation of the City. However, the debt is subject to the constitutional debt limitation of the City. Total principal and interest remaining on the bonds is \$67,665, payable through June 2011. For the current year, principal and interest paid and total TIF receipts were \$101,475 and \$71,945, respectively.

(4) Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary

information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.30% of their annual covered salary and the City is required to contribute 6.65% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$45,323, \$38,279 and \$35,313, respectively, equal to the required contributions for each year.

(5) Other Postemployment Benefits (OPEB)

Plan Description - The City operates a single-employer benefit plan which provides medical/prescription drug benefits for current employees and their spouses and families. IPERS eligible retirees and their spouses are able to participate in the plan at their own expense. There are 13 active and no retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as the City pays on behalf of employees.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City are \$285 for single coverage, \$583 for employee and spouse coverage, \$539 for employee and children coverage, and \$873 for employee, spouse, and children coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2010, the City contributed \$94,030 to the plan.

(6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and sick leave hours. Vacation leave is for subsequent use or for payment upon termination, retirement or death. Unused sick leave is forfeited upon termination, retirement, or death. The accumulation of vacation leave is not recognized as a disbursement by the City until used or paid. The City's approximate liability for earned vacation termination payments payable to employees at June 30, 2010, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	<u>\$ 19,242</u>

This liability has been computed based on rates of pay in effect at June 30, 2010.

(7) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

Transfer to	Transfer from	Amount
General	Trust & Agency Library Improvement	\$ 5,014
Special Revenue	Enterprise	

Road Use	Storm Sewer User Fees	30,000
LOST	General Trust	14,088
	Equipment Accruals	19,954
Debt Service	Special Revenue	
	LOST	15,000
	Enterprise	
	Storm Sewer User Fees	35,228
Capital Projects	Capital Projects	
Aquatic Center	Aquatic Facility	16,900
	Debt Service	2,119,918
Capital Projects	Capital Projects	
2009 S & S Sewer	FEMA Storm Sewer	989
Enterprise	Enterprise	
Sewer	Sewer Replacement	83,464
Enterprise	Enterprise	
Sewer Replacement	Sewer	4,508
Trust	Special Revenue	
	LOST	16,000
	Enterprise	
	Water	103,906
	Sewer Replacement	209,448
Trust	Special Revenue	
Economic Development	Road Use	41,503
	Employee Benefits	400

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

(8) Related Party Transactions

The City had business transactions between the City and City officials totaling \$3,686 during the year ended June 30, 2010.

(9) Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Deficit Fund Balance

The Capital Projects Funds – Downtown Streetscape, Aquatic Facility, CDGB Façade Improvement, 2009 Sanitary and Storm Sewer Project, and Snow Removal Equipment all had a deficit balances at June 30, 2010. The Council is aware of the deficit balance and is working to cure it.

(11) Subsequent Events

The City entered into loan agreements during the year with Chelsea Savings Bank and Midwest One Bank. They received loan proceeds from both banks of \$175,000 each in July 2010. The loans are pledge loans to finance the construction of the new Aquatic Center and will be paid back with proceeds from pledged donations.

The City has approved issuing bonds for \$2,000,000 to finance the Downtown Streetscape Project. At year end, the City had still not sold the bonds and they intend to wait until final project costs are more estimable.

The City received notice after year end that they were awarded an I-JOBS Grant from the State of Iowa for \$1.5 million. The grant is to be used for the Façade Improvement project.

Required Supplementary Information

City of Belle Plaine
 Budgetary Comparison Schedule
 of Receipts, Disbursements, and Changes in Balances -
 Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2010

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 803,381	-	-
Tax increment financing collections	71,945	-	-
Other city tax	192,256	-	-
Licenses and permits	25,378	-	-
Use of money and property	79,819	26,155	-
Intergovernmental	379,400	-	-
Charges for service	90,153	802,010	-
Special assessments	14,088	-	-
Miscellaneous	970,672	6,661	-
Total receipts	2,627,092	834,826	-
Disbursements:			
Public safety	410,295	-	-
Public works	445,677	-	-
Health and social services	99,989	-	-
Culture and recreation	590,339	-	-
Community and economic development	107,241	-	-
General government	197,603	-	-
Debt service	222,234	5,771	-
Capital projects	2,632,744	-	-
Business type activities	-	861,052	-
Total disbursements	4,706,122	866,823	-
Excess (deficiency) of receipts over (under) disbursements	(2,079,030)	(31,997)	-
Bond proceeds	2,119,918	-	-
Transfers in/out, (net)	378,582	(378,582)	-
Excess of receipts and other financing sources over disbursements and other financing uses	419,470	(410,579)	-
Balances beginning of year	1,368,973	799,299	-
Balances end of year	\$ 1,788,443	388,720	-

See accompanying independent auditor's report.

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
803,381	785,619	785,619	17,762
71,945	72,437	72,437	(492)
192,256	190,068	290,068	(97,812)
25,378	11,420	11,420	13,958
105,974	45,000	45,000	60,974
379,400	505,651	595,651	(216,251)
892,163	962,718	974,718	(82,555)
14,088	14,000	24,000	(9,912)
977,333	61,865	244,315	733,018
3,461,918	2,648,778	3,043,228	418,690
410,295	370,392	444,392	34,097
445,677	370,153	517,153	71,476
99,989	17,500	113,800	13,811
590,339	302,291	380,741	(209,598)
107,241	57,500	139,200	31,959
197,603	206,410	206,410	8,807
228,005	101,275	166,275	(61,730)
2,632,744	250,000	2,760,135	127,391
861,052	858,378	858,378	(2,674)
5,572,945	2,533,899	5,586,484	13,539
(2,111,027)	114,879	(2,543,256)	432,229
2,119,918	-	2,320,000	(200,082)
-	-	-	-
8,891	114,879	(223,256)	232,147
2,168,272	2,045,463	2,045,463	122,809
2,177,163	2,160,342	1,822,207	354,956

City of Belle Plaine

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2010

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased budgeted disbursements by \$3,052,585. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2010, disbursements exceeded the amounts budgeted in the culture and recreation, debt service, and business type activities functions.

Other Supplementary Information

City of Belle Plaine

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds

As of and for the year ended June 30, 2010

	Special Revenue						
	Road Use Tax	Employee Benefits	Urban Renewal Tax Increment	I-JOBS	Aquatic Center	4-Corners Industrial	13th Avenue Storm Sewer
Receipts:							
Property tax	\$ -	165,358	-	-	-	-	-
Tax increment financing	-	-	71,945	-	-	-	-
Other city tax	-	-	-	-	-	-	-
Use of money and property	-	-	-	-	212	89	-
Intergovernmental	254,398	-	-	12,570	-	-	-
Charges for services	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	15,496	99,133	9,914
Total receipts	254,398	165,358	71,945	12,570	15,708	99,222	9,914
Disbursements:							
Operating:							
Public safety	-	72,726	-	-	-	-	-
Public works	279,921	47,028	-	12,000	-	-	-
Health and social services	-	-	-	-	-	-	-
Culture and recreation	-	26,217	-	-	-	-	-
Community and economic develop	-	-	-	-	-	-	-
General government	-	21,584	-	-	-	-	-
Debt service	-	-	101,475	-	-	-	-
Capital projects	-	-	-	-	-	66,075	9,914
Total disbursements	279,921	167,555	101,475	12,000	-	66,075	9,914
Excess (deficiency) of receipts over (under) disbursements	(25,523)	(2,197)	(29,530)	570	15,708	33,147	-
Other financing sources:							
Operating transfers in/(out)	2,585	(400)	-	-	(16,900)	-	-
Net change in cash balances	(22,938)	(2,597)	(29,530)	570	(1,192)	33,147	-
Cash balances beginning of year	31,582	150,103	30,502	-	1,192	27,964	-
Cash balances end of year	\$ 8,644	147,506	972	570	-	61,111	-
Cash Basis Fund Balances							
Unreserved:							
Special revenue fund	8,644	147,506	972	570	-	-	-
Capital projects funds	-	-	-	-	-	61,111	-
Permanent fund	-	-	-	-	-	-	-
Total cash basis fund balances	\$ 8,644	147,506	972	570	-	61,111	-

See accompanying independent auditor's report

Capital Projects					Trust and Agency			Total
FEMA Storm Sewer	Downtown Streetscape	CDGB Façade Improvement	2009 Sanitary & Storm Sewer Project	Snow Removal Equipment	Medical	Community Center	Economic Development	
-	-	-	-	-	-	-	-	165,358
-	-	-	-	-	-	-	-	71,945
-	-	-	-	-	-	-	-	-
-	-	-	-	-	15,832	4,962	-	21,095
-	-	-	-	-	-	-	22,071	289,039
-	-	-	-	-	-	-	-	-
-	-	-	41,232	-	-	15,252	-	181,027
-	-	-	41,232	-	15,832	20,214	22,071	728,464
-	-	-	-	-	-	-	-	72,726
-	-	-	-	-	-	-	-	338,949
-	-	-	-	-	99,989	-	-	99,989
-	-	-	-	-	-	14,135	-	40,352
-	-	-	-	-	-	-	29,886	29,886
-	-	-	-	-	-	-	-	21,584
1,354	61,795	1,800	135,340	8,370	-	-	-	101,475
1,354	61,795	1,800	135,340	8,370	-	-	-	284,648
1,354	61,795	1,800	135,340	8,370	99,989	14,135	29,886	989,609
(1,354)	(61,795)	(1,800)	(94,108)	(8,370)	(84,157)	6,079	(7,815)	(261,145)
(989)	-	-	989	-	-	-	41,903	27,188
(2,343)	(61,795)	(1,800)	(93,119)	(8,370)	(84,157)	6,079	34,088	(233,957)
2,343	(76,617)	-	1,053	-	87,787	72,323	35,255	363,487
-	(138,412)	(1,800)	(92,066)	(8,370)	3,630	78,402	69,343	129,530
-	-	-	-	-	-	-	-	157,692
-	(138,412)	(1,800)	(92,066)	(8,370)	-	-	-	(179,537)
-	-	-	-	-	3,630	78,402	69,343	151,375
-	(138,412)	(1,800)	(92,066)	(8,370)	3,630	78,402	69,343	129,530

City of Belle Plaine

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Proprietary Funds

As of and for the year ended June 30, 2010

	Enterprise Funds					Total
	Garbage	Storm Sewer User Fees	Water Revenue Bond Sinking	Sewer Replacement	Meter Deposits	
Operating receipts:						
Use of money and property	\$ -	-	655	-	-	655
Charges for service	222,615	60,374	-	-	4,600	287,589
Miscellaneous	3,438	-	-	-	-	3,438
Total operating receipts	226,053	60,374	655	-	4,600	291,682
Operating disbursements:						
Business type activities	225,549	76,015	-	-	2,082	303,646
Total operating disbursements	225,549	76,015	-	-	2,082	303,646
Excess (deficiency) of operating receipts over (under) operating disbursements	504	(15,641)	655	-	2,518	(11,964)
Operating transfers in/(out)	-	(65,228)	-	(288,404)	-	(353,632)
Net change in cash balances	504	(80,869)	655	(288,404)	2,518	(365,596)
Cash balances beginning of year	54,687	87,879	27,978	344,436	2,835	517,815
Cash balances end of year	\$ 55,191	7,010	28,633	56,032	5,353	152,219
Cash Basis Fund Balances						
Reserved for debt service	\$ -	-	-	-	-	-
Unreserved	55,191	7,010	28,633	56,032	5,353	152,219
Total cash basis fund balances	\$ 55,191	7,010	28,633	56,032	5,353	152,219

See accompanying independent auditor's report

Schedule 3

City of Belle Plaine

Schedule of Indebtedness

Year ended June 30, 2010

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Refunding Notes	Jun 10, 2004	2.0 - 4.10 %	605,000
Corporate Purpose Bonds, Series 2008	Jul 21, 2008	3.0 - 4.5	535,000
Aquatic Center Bonds, Series 2009A	Sept 15, 2009	2.5 - 4.75	2,100,000

See accompanying independent auditor's report

Schedule 3

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
160,000	-	95,000	65,000	6,475	-
525,000	-	45,000	480,000	20,985	-
-	2,100,000	-	2,100,000	59,644	-
\$ 685,000	2,100,000	140,000	2,645,000	87,104	-

City of Belle Plaine
Bond and Note Maturities

June 30, 2010

Year Ending June 30,	General Obligation Bonds			
	Refunding Notes		Corporate Purpose	
	Issued Jun 10, 2004		Issued Jul 21, 2008	
2011	4.10	\$ 65,000	3.40	45,000
2012		-	3.60	45,000
2013		-	3.80	50,000
2014		-	4.00	50,000
2015		-	4.10	55,000
2016		-	4.20	55,000
2017		-	4.30	55,000
2018		-	4.40	60,000
2019		-	4.50	65,000
Total		<u>\$ 65,000</u>		<u>480,000</u>

Year Ending June 30,	Aquatic Center		
	Issued Sept 15, 2009		Total
2011	2.50	85,000	\$ 195,000
2012	2.50	85,000	130,000
2013	2.50	90,000	140,000
2014	2.50	90,000	140,000
2015	3.00	90,000	145,000
2016	3.00	95,000	150,000
2017	4.00	95,000	150,000
2018	4.00	100,000	160,000
2019	4.00	100,000	165,000
2020	4.00	105,000	105,000
2021	4.25	110,000	110,000
2023	4.50	235,000	235,000
2025	4.50	250,000	250,000
2027	4.75	275,000	275,000
2029	4.75	295,000	295,000
Total		2,100,000	\$ 2,645,000

See accompanying independent auditor's report

City of Belle Plaine

Schedule of Receipts by Source and Disbursements By Function
All Governmental Funds

	2010	2009	2008	2007	2006	2005	2004
Receipts:							
Property tax	\$ 803,381	774,383	712,991	747,305	745,619	790,604	775,342
Tax increment financing	71,945	135,197	129,116	119,692	113,268	108,739	102,655
Other city tax	192,256	185,828	264,321	228,810	299,037	148,016	867
Licenses and permits	25,378	15,034	15,950	15,012	10,585	10,056	6,490
Use of money and property	79,819	69,630	66,877	42,497	36,205	28,542	29,740
Intergovernmental	379,400	784,825	273,785	254,209	244,444	351,415	261,038
Charges for service	90,153	149,978	71,225	73,210	105,063	68,172	69,554
Special assessments	14,088	14,673	21,352	13,934	6,829	1,490	3,411
Miscellaneous	970,672	353,016	136,703	343,880	194,892	239,675	221,998
Total	2,627,092	2,482,564	1,692,320	1,838,549	1,755,942	1,746,709	1,471,095
Disbursements:							
Operating:							
Public safety	410,295	528,112	383,878	344,252	335,867	290,660	321,695
Public works	445,677	410,862	452,971	338,178	367,577	489,343	274,544
Health and social services	99,989	8,855	14,280	15,246	5,940	6,532	9,424
Culture and recreation	590,339	340,257	291,192	300,628	288,343	345,254	262,247
Community and economic development	107,241	77,607	39,134	33,713	6,614	-	17,569
General government	197,603	217,578	172,242	152,491	161,333	164,953	170,272
Debt service	222,234	222,552	287,010	198,285	328,431	253,919	862,480
Capital projects	2,632,744	515,438	64,558	207,504	47,566	146,354	160,931
Total	\$ 4,706,122	2,321,261	1,705,265	1,590,297	1,541,671	1,697,015	2,079,162

See accompanying independent auditor's report

Alan W. Flick, C.P.A.
Gina E. Trimble, C.P.A.

819 First Street East
Independence, IA 50644
(319)334-4211
Fax (319)334-6454
rfsw.com

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Belle Plaine, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated September 20, 2010. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Belle Plaine's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Belle Plaine's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Belle Plaine's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Belle Plaine's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-10, II-B-10, and II-C-10 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-10, II-B-10 and II-C-10 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Belle Plaine's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in Part III of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Belle Plaine's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Belle Plaine's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Belle Plaine and other parties to whom the City of Belle Plaine may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Belle Plaine during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

RIDIHALGH, FUELLING, SNITKER, WEBER, & CO., P.C., CPA'S

September 20, 2010

City of Belle Plaine
Schedule of Findings and Questioned Costs
Year ended June 30, 2010

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) The City of Belle Plaine was not granted federal funds in excess of the OMB A-133 Single Audit dollar threshold of \$500,000 for the year ended June 30, 2010.

City of Belle Plaine

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

- II-A-10 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible.

Recommendation - We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will consider this.

Conclusion - Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

- II-B-10 Preparation of Financial Statements - The City of Belle Plain, Iowa does not employ an accounting staff with the technical expertise to prepare its financial statements (including footnotes disclosures) in conformity with accounting principles general accepted in the United States of America; therefore, it relies on its auditors to prepare such statements.

Response - Management feels that having the auditors draft the financial statements and notes is a tolerable situation. Internal financial statements are prepared monthly for reporting and decision making purposes. The requirements and form of the audited statements are different than the internal needs and change occasionally. Given the size of the organization, it is helpful to rely on the expertise of the auditors to monitor those requirements. Management approves the draft financial statements prior to their issuance.

Conclusion - Response acknowledged.

- II-C-10 Financial Reporting - During the audit we identified three instances where the June 30, 2009 ending fund balances did not agree to the July 1, 2010 beginning fund balances. After further investigation, it was determined that when the June 30, 2009 books were closed out for the year, the net fund balances were posted into the wrong funds. This appeared to be an entry the software system used by the City was making automatically and was posting to the funds.

Recommendation - The City should make adjustments to retroactively correct those beginning fund balances. They should also work very closely with their software provider to determine what is causing the software to post these balances incorrectly and should determine if the problem occurred again when the June 30, 2010 books were closed.

City of Belle Plaine
Schedule of Findings and Questioned Costs
Year ended June 30, 2010

Response – We will review this problem and determine that it does not happen again.

Conclusion – Response acknowledged.

INSTANCES OF NON-COMPLIANCE:

No matters were reported

City of Belle Plaine

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Part III: Other Findings Related to Statutory Reporting:

III-A-10 Certified Budget – Disbursements during the year ended June 30, 2010 exceeded the amounts budgeted in the culture and recreation, debt service, and business type activities functions. Chapter 384.20 of the Code of Iowa states in part “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The budget was mistakenly amended in the capital project function because the capital project being worked on was the aquatic center. In the future we will amend the correct function.

Conclusion – Response accepted.

III-B-10 Questionable Disbursements – No disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

III-C-10 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

III-D-10 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Al Dvorak, City Employee	Contract for meter reading	\$ 3,686

In accordance with Chapter 362.5(1) of the Code of Iowa, the amount paid to the employee for services in the second transaction, \$3,686, does not appear to represent a conflict of interest because the “payment of lawful compensation of a city employee holding more than one city office or position, the holding of which is not incompatible with another public office and is not prohibited by law.”

III-E-10 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

III-F-10 Council Minutes – Transactions were found that we believe should have been approved in the Council minutes but were not. Seven transfers between funds were not approved by the council.

Recommendation – The Council should approve all transfers in the minutes of their meetings.

City of Belle Plaine

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Response – We will approve all fund transfers in the future.

Conclusion – Response accepted.

III-G-10 Deposits and Investments – No instances of non-compliance with deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment provisions were noted.

III-H-10 Payment of General Obligation Bonds – Certain general obligation bond interest payments were paid from the Special Revenue – Local Option Sales Tax Fund and Enterprise – Storm Sewer User Fee Fund. Chapter 384.4 of the Code of Iowa states, in part “A city shall establish a debt service fund and shall certify taxes to be levied for the debt service fund in the amount necessary to pay judgments against the city, except those authorized by state law to be paid from other funds.”

Recommendation – General Obligation Bond Payments should be disbursed from the Debt Service Fund.

Response – We will pay all bond payments from the debt service fund in the future, as recommended.

Conclusion – Response accepted.

III-I-10 Financial Condition – As of June 30, 2010, the Capital Projects – Downtown Streetscape Fund had a deficit balance of \$138,412, Capital Projects – Aquatic Center had a deficit balance of \$100,968, Capital Projects – CDGB Façade Improvement had a deficit balance of \$1,800, Capital Projects – 2009 Sanitary and Storm Sewer Project had a deficit balance of \$92,066, and Capital Projects – Snow Removal Equipment had a deficit balance of \$8,370.

Recommendation – The City should investigate alternatives to eliminate these deficit in order to return this fund to a sound financial position.

Response – The City is anticipating receiving several grants and loans which will eliminate these deficit balances.

Conclusion – Response accepted.

City of Belle Plaine

Staff

This audit was performed by:

Don Snitker, CPA, Partner
Gina Trimble, CPA, Manager
Dana Elliot, Staff Accountant